

ARTICLE IX

Supervisory Committee

- Section 1.**
Number on
Committee
- The supervisory committee shall consist of _____ members, who shall be elected by the shareholders at the annual meeting, as provided in the Act and these bylaws. In no case shall a member or alternate member of the supervisory committee be an officer, director, member of the credit committee or an employee of this credit union while serving on this committee. All members and alternate members of the supervisory committee shall be members of the credit union. The number of members on the supervisory committee may be changed from time to time to not fewer than three (3) by resolution of the board of directors. No reduction in the number of members may be made unless vacancies exist as a result of deaths, resignations, expirations of terms of office, or other actions provided by these bylaws. A copy of the resolution of the board covering any increase or decrease in the number of supervisory committee members and other information required by the Act shall be filed with the official copy of the bylaws of the credit union and with the Commissioner of the Office of Financial and Insurance Services.
- Section 2.**
Term of
Office
- Regular terms of office for members of the supervisory committee shall be for three (3) years. Members shall hold office until their successors are elected and have qualified, unless disqualified or removed. The regular terms shall be determined by the incorporators and shall be as set forth in the Application for Permission to Organize. Upon any increase or decrease in the number of members, the terms shall be set so that approximately an equal number of regular terms shall expire at each annual meeting.
- Section 3.**
Alternates
- Annually, at each shareholders meeting, the members may elect, as provided in the Act, one (1) or more alternate members to the supervisory committee to hold office until the next annual shareholders meeting. An alternate member may only act where necessary to form a quorum, or to provide an odd number of members to break a tie vote.
- Section 4.**
Vacancies
- Vacancies in the supervisory committee shall be filled within ninety (90) days from the date the vacancy occurred by the remaining members of such committee at a regular or special meeting. Members appointed shall serve only for the unexpired term. Where the board has increased the committee's number, the term of the committee member appointed to fill the vacancy shall expire at the next annual meeting.
- Section 5.**
Officers-
Records
- Annually, the supervisory committee shall choose, from among its number, a chairperson and a secretary. The secretary shall prepare, maintain and have custody of full and correct records of the work performed and action taken by this committee. The offices of the chairperson and secretary may be held by the same person.

Section 6.
Meetings

The supervisory committee shall hold meetings as often as necessary. The chairperson shall notify the remaining members, in writing, of a proposed regular meeting at least five (5) days prior to the meeting unless a committee member waives, in writing, his/her notice requirement. Special meetings of the supervisory committee may be called by the chairperson or any two (2) remaining members of the committee at any time upon notice to all committee members. A majority of the members of the supervisory committee shall constitute a quorum for the transaction of business.

Section 7.
Compensation

No member of the supervisory committee shall receive any compensation for services as a committee member.

Section 8.
Duties of
Supervisory
Committee

The duties of the supervisory committee shall be as set forth in the Act, and shall include, but not be limited to, the following:

- a. To make or cause to be made, as required by the Act and rules and regulations governing the operation of credit unions, a comprehensive audit of the books and records of the credit union not less than annually. Such comprehensive audit shall be an independent review of the internal policies, procedures, and controls of the credit union and its compliance with them as necessary for the reviewing party to come to a reasonable conclusion that the financial statements of the credit union fairly and accurately represent the condition of the credit union.
- b. To verify, under controlled conditions, all member accounts with the records of the credit union at least once every two (2) years. A statistical sampling procedure may be used in lieu of verifying all member accounts provided it is performed in accordance with generally accepted auditing standards. Records of those accounts so verified must be retained until the following verification of members accounts is completed.

Notwithstanding the foregoing, the supervisory committee may employ clerical and auditing assistance as required to carry out its responsibilities, and may request the board of directors to provide compensation for such assistance. No official or employee of the credit union, other than a member or alternate member of the supervisory committee, shall participate at any time, in any manner, in the performance of any audit, examination, or account verification.